

Tips for Employers Who Outsource Payroll Duties

Many employers outsource their payroll and related tax duties to third-party payers, such as payroll service providers (“PSP”) and reporting agents (“RA”). Reputable third-party payers can help employers streamline their business operations by collecting and timely depositing payroll taxes on the employer’s behalf and filing required payroll tax returns with state and federal authorities.



Like employers who handle their own payroll duties, employers who outsource this function are still legally responsible for any and all payroll taxes due, including any penalty and interest assessed. This includes any local taxes withheld. This is true even if the employer forwards tax amounts to a PSP or RA to make the required deposits or payments.

Here are some tips for employers:

- Refrain from substituting the third-party’s address for the employer’s address. Though employers are allowed to and have the option of making or agreeing to such a change, we recommend that employers continue to use their own address as the address on record with the tax agency. Doing so ensures that the employer will continue to receive bills, notices, and other account-related correspondence from the Metro Revenue Commission. It also gives employers a way to monitor the third-party payer.
- Contact Metro Revenue Commission about any bills or notices and do so as soon as possible. This is especially important if it involves a payment that the employer believes was made or should have been made by a third-party payer. Call our Taxpayer Service Division at (502) 574-4860.
- Become familiar with the tax due dates that apply to employers, and use our [Tax Calendar](#) to keep track of these key dates.

